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Washington, June 29—Action by the Congress and the President to set up a "watch-dog" system to check the operations and expenditures of Intelligence agencies of the Government is recommended by the Commission on Organization of the Executive Branch of the Government.

In a report to the Congress today on Intelligence Activities of the Government, the Hoover Commission finds that such an arrangement is needed not only to review the efficiency and effectiveness of the Intelligence effort, but also to reassure the people and inspire greater confidence in the trustworthiness of this phase of Federal operations.

The Commission's recommendation involves the creation of two committees which might collaborate on important matters in this field. One would be a joint Congressional committee on Foreign Intelligence, and the other would be a compact group of trustworthy private citizens to be named by the President and to serve on a part-time basis.

The Intelligence Task Force, headed by General Mark W. Clark, now president of the Citadel in Charleston, S.C., in a report to the Commission proposed the establishment of a "watch-dog" group for the same purposes, but in a different form. The task force urged the creation of a single small permanent commission by Act of Congress for the Intelligence surveillance job, to be modeled after the Hoover Commission and to include Members of both Houses of Congress as well as distinguished private citizens.

The other proposals of the task force, involving both administrative and legislative action and including broad recommendations for an internal

reorganization of the Central Intelligence Agency, were presented without comment by the Commission along with its own report, for the consideration of the Congress and the Executive agencies involved.

Recommendation No. 1 of the task force report explained that the CIA should be revamped internally "to produce greater emphasis on certain of its basic statutory functions."

Details and supporting factual matter relating to this recommendation were contained in a separate, highly classified report which was submitted by the task force to Mr. Hoover and presented by him directly to President Eisenhower. Much of this data could not be incorporated in the public report for security reasons.

Both of the task force reports, based on exhaustive surveys in this country and first-hand studies abroad, emphasized that the major aim should be greater concentration on the collection of information about technological and military developments and plans of "our primary target"--the Soviet bloc--and called for greater boldness and freedom of action for our Intelligence forces to overcome the present deficiencies in this country's knowledge of Communist plans.

In a discussion of the State Department's responsibilities and the effect of foreign policies and diplomacy on Intelligence operations, the report said:

"The task force has recognized the incompatibility in method between the practice of diplomacy and more direct and active operations incident to the collection of Intelligence and the conduct of cold war.

"While all contribute to the end in view, conflicts between them must be resolved, usually on a high level, and always in the national interest. It must be realized that diplomacy is not an end in itself; that, while national ends must be served and unjustifiable risks avoided, the collection of

intelligence is a vital element in our national welfare and existence. Instances have come to the attention of the task force where too conservative an attitude has prevailed, often to the detriment of vigorous and timely action in this field."

The task force expressed the view that the legislation, and organizational set-up for Intelligence purposes are soundly conceived, but that administrative flaws have developed and it proposes remedies.

"Failure to produce certain elements of intelligence has been due in part to the restrictive effects of some of our national attitudes and policies toward the collection of Intelligence so necessary for effective resistance to Soviet aggression," the report added. "Also, among some of those responsible for implementation of our foreign policy by diplomacy and negotiation, there seems to exist an abhorrence to anything that might lead to diplomatic or even protocol complications.

"This negative attitude, usually at the desk level, at times has stifled initiative and action in the collection of intelligence. Some of these efforts, if permitted to proceed properly, might have brought direct and immediate results and made positive contributions to the national welfare that would have justified the attendant political risks and possible inconsequential diplomatic embarrassment.

"Security measures adopted by the Communists have been provokingly conceived and boldly employed. They have been quite effective in comparison with our security measures, which have permitted the collection of vital secrets in this country with relative ease.

"The information we need, particularly for our Armed Forces, is potentially available. Through concentration on the prime target we must exert every

conceivable and practicable effort to get it. Success in this field depends on greater boldness at the policy level, a willingness to accept certain calculated political and diplomatic risks, and full use of technological capabilities."

All elements of the Intelligence field were surveyed by the task force, but major attention was paid to the CIA because of the special autonomous character of that agency and because "it is charged with the overall responsibility for coordinating the output of all the intelligence forces."

The recommendations included provisions for lifting the prestige of the Intelligence forces, developing career incentives, providing greater flexibility of recruitment of "the best qualified individuals," and relieving the shortage of trained personnel.

They also embraced suggestions for strengthening security surveys of Intelligence workers and employees of industrial plants engaged in "sensitive" work.

In the matter of personnel security checks, the task force had this to say: "The methods used for selection of personnel were reassuring in the light of suspicions which have been voiced that subversive and Communistic elements were readily infiltrating into these sensitive jobs. Our investigations indicated that the Intelligence leadership in all branches is alert to its responsibility and is functioning under strict rules to prevent any such infiltration.

"One flaw in the present system, however, seems to be the absence of a general plan for periodic review of the security status of every person after employment in Intelligence activities, to guard against the possibility that some employee who was completely dependable and honorable when starting

work might have changed character, fallen from grace, or succumbed to alien blandishments or some personal weakness such as strong drink or sexual perversion."

To minimize this hazard, the task force recommended that measures be instituted in all agencies for rechecking the security status of all personnel engaged in Intelligence, at periodic intervals not to exceed five years in any individual case. The Federal Bureau of Investigation makes such a periodic check of all its personnel.

The investigations of the task force with respect to industrial personnel security indicated "a serious weakness" arising from the fact that an individual who has been declared to be a security risk although removed from work of a classified nature, might still be retained on some other work in the same plant, be in daily contact with workers engaged in sensitive production and enjoy freedom of movement within the plant.

"The military departments are aware of the situation," the task force said, "and have recommended legislation to correct this deficiency. The task force commends such a proposal and feels that this loophole in our security barriers should be closed promptly. . .

"Although detailed study of the policies, functions and procedures of the departments and agencies collecting and handling Intelligence data, as outlined to us by the Commission, did not primarily entail the investigation of the security angle of every individual engaged in Intelligence, we recognized the fact that the character of personnel affects these Intelligence functions, and we faced squarely the issue of individual cases under suspicion or brought to our attention from various sources. A number of names came to us with supposedly derogatory information or merely with derogatory implications.

"When any such information or any name was brought to our attention from any source concerning individuals employed in the Intelligence field, or even if not so employed, every case except those obviously without merit was referred to the FBI, or where appropriate, to the responsible agency, or to both, with a request for a report.

"Up to the time this report was prepared, some replies to our inquiry developed information to the effect that the records contained no adequate basis for suspicion of the individuals as security risks. Some replies indicated that the individuals were under investigation and that the investigations were continuing. One of the individuals is on leave without pay, pending completion of an investigation now in process, and appropriate disposition."

The report by General Clark's group said its investigations showed that the "sensitive and vital work of the Intelligence community is being led by a group which is sincere and dedicated to the service of the nation," and that it felt the American people "can and should give their full confidence and support to the Intelligence program, and contribute in every possible way to the vital work."

"We found the Director of Central Intelligence," it continued, "to be industrious, objective, selfless, enthusiastic and imaginative. We are convinced, however, that in his enthusiasm he has taken upon himself too many burdensome duties and responsibilities on the operational side of CIA's activities."

The report suggested that the Director of CIA employ an executive director, or "chief of staff," so that he might be "relieved of the chore of many day-to-day administrative and operational problems, and thus be able to give more time to the broad, overall direction of the agency and the coordination of the entire Intelligence effort."

The task force expressed concern over the "possibility of the growth of license and abuses of power where disclosure of costs, organization, personnel and functions are precluded by law," as is the case with CIA. Although the investigation showed no indication of such abuses, as a matter of future insurance it recommended that its proposed "watch-dog" commission including distinguished public-spirited citizens as members, be empowered by law to ask for and receive, under adequate safeguards against "leaks," any information from any source it might need for its own use.

Within the Armed Services Committee, it explained, there is a liaison channel between the Congress and CIA which "serves a worthy purpose" but which cannot include private citizens and does not encompass the wide scope of service and continuity which the investigators consider essential for this task. It found the same defect in more than a score of bills introduced in this session of the Congress to provide for review of CIA's work.

In a discussion of the evolution and growth of our Intelligence program, giving the public a clearer conception of the significance of the operations in modern times, the task force report says:

"For self-preservation, the defenders of a free world need complete, prompt and continuing information on the plans and potentialities of those who would enslave it. Nations and people who value liberty and a sovereign national existence in a free world now look to the United States for leadership and inspiration in their struggle to safeguard these inherent rights.

"In the historic family of nations, this country ranks as a comparative newcomer. In the early days of the Republic--not so long ago as the world measures time--our people felt comfortably distant from the hotbeds of foreign intrigue and conflict.

"Transportation and communication facilities in the days of clipper ships and the pony express were so limited and so slow that they fostered a serene assurance of isolation and geographical protection against possible aggressors. . . Our early philosophy of peace still prevails, but within our generation, and for our own protection, organized Intelligence has been forced upon us by the rapidly shrinking world of electronics, nuclear weapons and planes which travel at supersonic speed.

"The United States emerged from World War II as the political leader in free-world affairs and the outstanding military power. The advent of atomic bombs, together with the development of advanced methods for their delivery, intensified the need for adequate and timely intelligence so that we might fulfill our responsibilities in international affairs and insure our own survival.

"Effective Intelligence has become increasingly necessary for our protection against the propaganda, infiltration, and aggressiveness of the Communist leaders. By trial and error, study and skill, we have made progress; but we must not labor under any complacent delusions. There is still much to be done by our Intelligence community to bring its achievements up to an acceptable level."

The task force report cites "the tremendous importance to our country of the Intelligence effort and the unpublicized and selfless duties performed," and says that these services "demand that the prestige of this function, and of the personnel involved, be recognized through the use of adequate career incentives and benefits to encourage full development of talent within the Intelligence community."

To that end the task force recommends that the Executive Pay Bill of 1949 be amended to increase the annual salary of the Director of Central Intelligence

to the equivalent of that of the Deputy Secretary of Defense (\$20,000); to bring the pay of the Deputy Director of Central Intelligence up to \$17,500, the same as that of most under secretaries of the Executive Branch; and to provide operating directors of areas of responsibility in Intelligence with proportionate salaries.

The recommendation further would provide that the chiefs of the various Intelligence units of the military services be elevated in the organizational structure to the level of Deputy Chiefs of Staff in the Army and Air Force, and Deputy Chief of Naval Operations in the Navy.

Under this plan also the Central Intelligence Agency Act of 1949 would be amended to provide additional medical and hospital benefits and services for dependents of CIA employees when stationed overseas, similar to the benefits authorized for dependents of the members of the Foreign Service; and statutory leave benefits, or accumulation of leave, for employees of CIA overseas, as now applied to members of the Foreign Service.

The task force calls attention to important contributions which might be made to the Intelligence effort by retired civilians with long business experience in the foreign field, and suggests that "this resource should be exploited fully." It points also to the valuable reservoir of retired military personnel with foreign experience which might be utilized.

One major advantage in the exploitation of these trained groups, according to the task force, would be the speed with which they could be fitted into the Intelligence picture. Certain outmoded restrictions now are placed on the full use of this pool of talent.

To remedy this situation, the recommendation is made that the Central Intelligence Agency Act of 1949 be amended to authorize the employment by the

CIA of retired military personnel of the Armed Services "without an arbitrary limitation on the number of such employees." The limit now is fifteen. Such personnel would be authorized to accept either their military retirement pay plus any difference between their retirement pay and the proper pay of the office they would hold in CIA, or the proper pay of the office, but not both.

The recommendation further proposes that the Department of Defense make extensive use of Schedule A of the Civil Service Regulations (non-competitive appointments) in the employment by the military services of civilian Intelligence analysts and other specialists "in order to provide the necessary flexibility in the recruitment of qualified civilian personnel and to facilitate the interchange of such personnel between Zone of Interior competitive service and the overseas excepted service. Such appointments would take in retired citizens with wide previous business experience in the foreign field.

"Lack of adequate linguistic preparation often has proved to be a serious handicap to our representatives abroad," the task force further reports. "This became painfully apparent during the Korean War. The ability to write and speak the language fluently, and to interpret foreign words and idioms accurately always helps an American to get around in an alien land, to win the confidence of its people, and to understand them."

To meet the present deficiency, the task force recommends that a "comprehensive, coordinated program be developed to extend linguistic training among American citizens serving the Intelligence effort; and that the Department of Defense expand and promote language training by offering credit toward Reserve commissions to ROTC students and drill credit to Reserve personnel for completion of selected language courses."

As an added means of insuring adequate supervision over certain specialized phases of Intelligence activities, the task force also urges that prompt

steps be taken "to introduce highly selective methods of choosing members of the coordinating committee on atomic energy Intelligence, not only to get the benefit of service by the most competent individuals, but also to assure long tenure in this important assignment."

On the ground that efficient and economical handling of Intelligence information demands modern quarters for the personnel and records, General Clark's group recommends that the Congress appropriate "as soon as possible" funds to construct adequate headquarters facilities for the CIA in or near Washington, D.C. It points out that after eight years of operation, the agency still lacks such facilities.

The CIA is known to have its headquarters records and workers scattered about in more than thirty buildings here, some of them outmoded "temporaries" dating back to World War I: A bill now before the Congress calls for the erection of a central CIA structure estimated to cost about \$50,000,000, with not more than \$6,000,000 additional for an appropriate site and site improvements.

Officials of the agency have estimated that about \$2,920,000 could be saved annually if all of its offices, records and headquarters personnel could be brought under one roof.

The savings would include \$853,000 now spent for twenty-four-hour guard service in all buildings and for extra guards necessary in protecting information and records, orders and other material which must be shuttled about daily from one office to another; \$607,000 in loss of time now required for officials and employees to get from building to building; \$133,500 now being paid for some rented quarters; \$80,000 for receptionists required at each set of offices; \$36,800 for shuttle service between offices; \$32,800 in telephone mileage charges and \$25,000 for PWX service; \$69,900 for couriers and

messengers; \$50,000 for building servicing; and more than \$1,000,000 to pay for alterations and improvements to old buildings to keep them in suitable shape and for heavy expense in moving and switching offices.

These expense items now are said to come to \$3,800,000 a year, and could be cut to \$880,000 a year in a single headquarters building, according to CIA estimates.

The task force finds fault with the present system of gathering and assaying foreign scientific progress, and proposes new methods for handling this work.

"Our Government and its Intelligence forces are not fully exploiting the possibilities of valuable military and technological data potentially available in scientific reports and technical publications issued in foreign countries," the report comments. "The State Department now is charged with this duty. Under this arrangement, we lack adequate collection facilities and staff experts to evaluate the material."

To correct this situation, it recommends that the responsibility for procurement of foreign publications and for collection of scientific Intelligence be removed from the State Department and placed in the hands of the CIA, "with authority to appoint such scientific attaches as may be necessary to carry on this work abroad."

Serving with General Clark on the Intelligence Task Force were Admiral Richard L. Conolly (retired), of Brooklyn, now president of Long Island University; Ernest F. Hollings, Lieutenant Governor of South Carolina; Henry Kearns, manufacturer and executive, of La Verne, Calif.; Captain "Eddie" Rickenbacker, of New York, chairman of the board of Eastern Air Lines; and Donald S. Russell, president of the University of South Carolina. The staff director was Major General James G. Christiansen (retired).

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